



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

July 22, 2009

David John Scotto, Senior Vice President  
Sedgwick Claims Management Services, Inc.  
701 South Parker Street  
Orange, CA 92868

Dear Mr. Scotto:

RE: FINAL MONITORING VISIT REPORT for Sedgwick CMS, Inc. – ET07-0305

|                        |  |
|------------------------|--|
| Date of the Visit:     | 07/22/09   |
| Beginning/Ending Time: | 9:30 a.m. – 12:00 p.m.   |
| Date of Last Visit:    | 09/11/08   |
| Visit Location:        | Orange   |
| Persons in attendance: | David John Scotto, Senior V P, Sedgwick CMS, Inc.<br>Steve Duscha, Training Data and Services<br>Elsa Wadzinski, Contract Analyst, Employment Training Panel |
| Action Required:       | No   |

|                                  |                     |                      |           |
|----------------------------------|---------------------|----------------------|-----------|
| Term of Agreement:               | 05/08/07 – 05/07/09 | Agreement Amount:    | \$657,000 |
| Training Start Date:             | 05/08/07            | No. to Retain:       | 1,460     |
| Date Training must be Completed: | 02/06/09            | Range of Hours:      | 24 - 200  |
| Type of Trainee:                 | Retrainee           | Weighted Ave. Hours: | 30        |

## SUMMARY OF ACTION

### REQUIRED FROM THIS VISIT:

None

SACRAMENTO CENTRAL OFFICE  
1100 J Street, 4<sup>th</sup> Floor  
SACRAMENTO, CA 95814  
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE  
4640 Lankershim Blvd., Suite 311  
NORTH HOLLYWOOD, CA 91602  
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE  
1065 East Hillsdale Blvd, Suite 415  
FOSTER CITY, CA 94404  
(650) 655-6930

SAN DIEGO REGIONAL OFFICE  
5353 Mission Center Road, Suite 110  
SAN DIEGO, CA 92108  
(619) 686-1920

**FINAL REPORT SUMMARY:**

The Agreement was executed on June 29, 2007 and training began on May 10, 2007. You reported that all ETP training was completed on January 27, 2009, which allows for the 90-day retention period to be completed within the term ending date of the Agreement – May 7, 2009.

ETP approved Modification 1, executed on October 15, 2007, adding Computer-Based Training (CBT) subtopics to the ETP curriculum and increase the maximum number of CBT hours from 4 hours to 17.5 hours. Modification 2, subsequently approved October 10, 2008, also added subtopics to the ETP CBT curriculum.

You advised the Analyst, that 71 of the 1,460 trainees estimated to be retained, specified on Chart 1, Exhibit A of the Agreement, have completed training and the 90-day retention period. Assuming all other Agreement requirements are met, Sedgwick will earn approximately \$65,699 (5%) of the total ETP Agreement amount. To date, you have not received any payments from ETP. Project staff advised the Analyst that they sent the Final Closeout in June 2009.

In discussing the ETP training, you commented that although Sedgwick did not complete 100 percent of the training as a bulk of the training was to be provided to newly hired trainees, and due to the downturn in the economy, hiring cutbacks were made, resulting in less training. You stated that ETP training did provide employees with Continuous Improvement and Computer Skills training; which helped employee's transition to a new computer system; and also afforded training to newly hired staff, helping them acclimate to their new positions in a timely manner. Finally, you commented that ETP training has helped Sedgwick maintain claims handling services in California, while many of its competitors are doing California business out of state.

In discussing what barriers your staff experienced in implementing your ETP program, you indicated that once the Agreement was approved, there were no barriers in implementing the training.

In closing, you and your staff reported that ETP's websites are user-friendly, and that ETP staff provided good support throughout the Agreement. In closing, you commented that Sedgwick would be interested in returning to ETP in the future for another ETP contract.

**PROJECT STATUS PROVIDED BY THE CONTRACTOR:**

| Job Number | Number Started Training | Number Enrolled in Training | Number of Trainees Dropped (following enrollment) | Number of Trainees Completed Minimum Hours | Number of Trainees Completed all Training | Number of Trainees Completed Retention |
|------------|-------------------------|-----------------------------|---|--|---|--|
| Totals:    | 688                     | 1,050                       | 979   | 71   | 71  | 71                                     |

The project status you provided corresponds with the Contract Status report indicating 1,050 trainees were enrolled, and 979 have been dropped.

### **ATTENDANCE ROSTERS:**

The Analyst reviewed the information on Class/Lab Rosters for 23 trainees, against the information input on the ETP On-Line Tracking System. The review of the Class/Lab Rosters indicated that the Rosters were completed correctly, and corresponded with the training input on the ETP On-Line System, and met ETP's requirements; and the Agreement curriculum was provided as specified; and that you are in compliance with the ratio of one trainer to 20 retrainees, as specified in the Agreement Training Plan.

You were advised that the above findings are based only on the training records reviewed during this visit. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes. (Reference: Title 22 California Code of Regulations, Section 4442)

### **AUDIT:**

Sedgwick will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

### **RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Elsa Wadzinski at (818) 755-3634 or by email at [ewadzinski@etp.ca.gov](mailto:ewadzinski@etp.ca.gov) within ten (10) working days from the receipt of this report.

Sincerely,

Signature on file

Wally Aguilar, Program Manager  
North Hollywood Regional Office

**Signature on file**

Elsa Wadzinski, Contract Analyst  
North Hollywood Regional Office

cc: Steve Duscha  
Steve Duscha Training and Data Services

Chris Mangels, VP Contract Administration  
Training Funding Partners (Via E-Mail)

David A. Guzman, Chief, Audit's & Program Operations Division  
Kulbir Mayall, Manager, Fiscal and Certification  
Master File  
Project File

Date report mailed to Contractor 7/23/09